

## PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Friendship Village of Schaumburg  
DOCKET NO.: 01-27437.001-R-3 and 03-25822.001-R-3  
PARCEL NO.: See below.

The parties of record before the Property Tax Appeal Board are Friendship Village of Schaumburg, the appellant, by attorneys Kevin P. Burke and Christopher B. Kaczynski of Smith, Hemmesch, Burke, Brannigan & Guerin, Chicago; the Cook County Board of Review by Assistant State's Attorney Randolph T. Kemmer; and the intervenors, Township High School District No. 211 and Community Consolidated School District No. 54, by attorney Michael J. Hernandez of Franczek Sullivan, P.C., Chicago. Per agreement of the parties, these appeals were consolidated for hearing purposes.

The subject property consists of a 41+/- acre parcel improved with a not-for-profit retirement community located in Schaumburg Township, Cook County. The main improvement is a three-story structure housing 489 apartments designed for independent living and 89 apartments designed for assisted living. Amenities of the primary building include a dining room, small shops, meeting rooms, a conference room, and various common areas. Attached to the primary living area is a 250 bed long term healthcare center. The combined building area is 540,283 square feet. Additional improvements include 11,000 square feet of garages; a paved parking lot and paved roadways covering 299,712 square feet; and 36,998 square feet of concrete paved sidewalks. The subject was opened in January 1977.

The appellant, through counsel, appeared before the Property Tax Appeal Board claiming the fair market value of the subject is not accurately reflected in its assessed value. Counsel further argued, as the subject is classified residential property, or Class 2 under the Cook County Real Property Classification Ordinance, the Illinois Department of Revenue's three-year median level of assessments for 2001 and 2003 of 10.18% and 10.13%, respectively, are applicable to the market value found herein.

(Continued on Next Page)

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Cook County Board of Review is warranted. The correct assessed valuation of the property is:

<u>DOCKET NO.</u>	<u>PARCEL NO.</u>	<u>LAND</u>	<u>IMPR.</u>	<u>TOTAL</u>
01-27437.001-R-3	07-22-100-025-0000	\$849,127	\$1,298,853	\$2,147,980
03-25822.001-R-3	07-22-100-025-0000	\$849,127	\$1,288,303	\$2,137,430

Subject only to the State multiplier as applicable.

In support of its market value argument, the first witness called by the appellant was Kim Klockenga, vice president and chief financial officer of Friendship Senior Options, the parent entity, of the appellant. Klockenga testified he has been employed in the senior community housing industry for ten years and belongs to associated professional organizations. The witness testified his office is located on the subject campus and he has intimate knowledge of the subject community and its residents. After a brief explanation of the life-care way of life and benefits, the witness discussed the business of life-care and the payment options offered residents. Residents are offered several plans, with varying entrance fees and allied monthly service fees. Size of the unit selected, level of assistance needed and plan selected are basically the factors that determine the subject's income. Some plans allow for a partial return or refund of the entrance fees some do not. As of the assessment dates, Klockenga testified the subject improvement was outdated and from a marketing viewpoint many upgrades were necessary. The witness testified upgrades such as expanded dining programs, widening the subject's narrow hallways, a wellness center, an improved therapy area and the addition of a swimming pool are essential to keep the subject competitive. In addition, the witness testified that the improvement's physical layout was not ideal for its less-mobile residents. He described the differences between the subject improvement and more recently built life-care facilities in terms of size and utility of units as well as amenities; and concluded the subject is out-dated. He also indicated that subsequent to 2003 a building and renovation program was undertaken.

Klockenga was asked to review the portion of the appellant's appraisal which delineated the costs of furniture and equipment for its accuracy depicting those costs. The witness indicated the costs were accurate as well as the estimated replacement standard of every five years. He testified that the five-year estimate is consistent with industry standards. Klockenga was also asked to review within the appellant's appraisal a summary of the subject's operating statements from 1999 through 2001. He indicated the financials were accurate and correct. Further, he testified the expense ratios contained in the appellant's appraisal were consistent with the subject's performance as an older facility. Klockenga also discussed the appellant's roll as a not-for-profit company. The witness confirmed the real estate taxes are paid by the corporate entity but the money comes from the residents and is pro-rated back to the residents so they may deduct the taxes as an expense for income tax purposes.

The appellant next presented an appraisal with an effective date of January 1, 2001 and the testimony of its author, James O. Hamilton, President of James O. Hamilton & Company, Inc., Chicago. Mr. Hamilton testified he is a State of Illinois licensed real estate appraiser with a Member of the Appraisal Institute (MAI) designation. The witness testified he has been employed in the real estate industry for 40 years and has been qualified as an expert in the courts and before various administrative bodies. In addition the witness testified he has, within the past five years, prepared from 12 to 15 appraisals for retirement communities. The witness was tendered and accepted as an expert witness by the Property Tax Appeal Board.

Hamilton testified as part of the appraisal assignment he physically inspected the subject. After describing the subject as of the inspection date, the witness was of the opinion the overall the facility was inadequate and without many amenities expected in the today's market. Among the subject's disadvantages are smaller living units than newer facilities, inadequate parking spaces to independent living unit ratio, no indoor parking, no health club center, and no swimming pool. The appraiser testified his opinion the subject's highest and best use as vacant and as improved was as currently used.

To estimate a total market value for the subject of \$21,100,000 as of the effective date of the appraisal January 1, 2001, Hamilton employed two of the three traditional approaches to value; the cost approach and the income approach. The witness deemed the sales comparison approach unworkable due to the lack of sales of similar properties. The appraiser testified when and if sales are available the real estate factor would almost impossible to extract with reliability owing to complex financial terms and the business components involved. The appraiser indicated that various professional and government bodies have estimated that business value in this kind of sale can range from 25% to 40% of a sale price.

The first approach to value employed by the appraiser was the cost approach. The appraiser testified the sales of six vacant parcels located within approximately 10 miles of the subject were examined. The sale parcels ranged in size from 5 to 26.75 acres with zoning restrictions similar to the subject. The sales occurred from March 1999 to April 2001 for prices ranging \$2.63 to \$3.81 per square foot of land area. The appraiser testified he examined the similarities and differences of each sale property when compared to the subject and adjusted, if necessary, for size, location, comparable zoning, and other items considered appropriate. The witness testified that from this information he

determined an estimated unit for the subject of \$3.00 per square foot of land area, or \$5,300,000 rounded.

Replacement cost new was estimated using the *Marshall Valuation Service Manual* (calculator method) for an average Class C home for the elderly (86%) and nursing home (14%). The *Marshall Valuation Manual* indicated that the basic structure costs would total \$41,093,925 and the other improvements' cost would total \$779,671. The witness testified the next step was to determine depreciation. Using the age/life method, the appraiser indicated the *Marshall Valuation Manual* suggests 45 years as a typical useful life for a property like the subject. After inspection, the appraiser determined the subject has an effective age of 20 years, thus the witness estimated physical deterioration of 44.4% (20/45) for the subject. Functional obsolescence of 15% was estimated based on the subject's smaller size apartments and lack of desirable amenities. Hamilton testified the subject did not suffer from external obsolescence. The depreciated improvement value was estimated to be \$17,000,680. The estimated land value was then added to conclude an estimated value through the cost approach of \$22,300,000 rounded.

Next, the appraiser estimated a value for the subject through the income approach. According to the appraiser, eight rental properties were utilized to determine if the subject's income was at market rent. The witness testified all eight of the comparables are continuing-care retirement communities like the subject. The rental comparables were built from 1984 to 1996. After visiting and touring all eight comparables, the appraiser testified they were similar to subject with somewhat superior amenities. The comparables ranged in size from 402 square feet for a studio unit to 1,691 square feet for a two bedroom two-bath unit. Entrance fees ranged from \$52,500 for a studio unit to \$395,100 for a two-bedroom two-bath unit. Monthly service fees ranged from \$680 per month for a studio unit to \$3,963 for a three-bedroom two-bath unit. Occupancy ranged from 84% to 96%. The service fees and occupancy rates, the appraiser indicated, are for the independent living units.

The subject's independent living residents pay entrance fees ranging from \$60,000 for a studio unit to \$142,000 for a two-bedroom unit; monthly service fees range from \$840 to \$1,762, respectively. Hamilton also indicated all of the properties offer an assortment of plans, which include independent living, assisted living and full care; the variations are reflected in rates charged as well as the entrance fees. After an analysis of the comparables' entry fees, monthly service fees, and services offered, the witness testified his conclusion was that the

revenue generated by the subject is reflective of and competitive in the market. The appraiser utilized the subject's March 31, 2001 fiscal year-end revenue of \$24,861,000 as the total revenue when preparing the stabilized operating statement.

Subsequently, Hamilton compared the vacancy of the comparables; the expenses of three additional comparables contained in the report; and other resources available to determine if the subject's vacancy rate and operating expenses reflect the market. Overall vacancy in the comparables ranged from 1% to 11%. The subject's occupancy for independent living units ranged from 80.4% to 90.5%; in assisted living units from 85.5% to 87.0%; and in care units from 96.59% to 98.41% for the years 1996 through 1998. He concluded the subject's vacancy is within the range of the comparables.

For the three years prior to the effective date of the appraisal, the witness testified, the subject's expenses were 86.3%, 87.1%, and 87.5% of income. The witness testified that the expense ratios of the comparables when compared to the subject expenses were consistent. After his analysis the appraiser accepted the subject's March 2001 fiscal year-end expense figure of \$21,455,000, or 86% of the subject's total revenue, when preparing the stabilized operating statement. Deduction of the stabilized expenses from the stabilized income resulted operating income of \$3,406,000. The appraiser next addressed an adjustment for the return of and return on furniture, fixtures and equipment (FF&E.) The witness testified the appellant provided the cost new of the various items categorized as FF&E, which totaled \$3,166,076. Hamilton testified that this figure is fairly constant from year to year. Using straight depreciation and 10 years as typical life of the FF&E, the appraiser estimated 10% of \$3,166,076 as return of FF&E. As rate of return on FF&E, the appraiser reasoned that either an equivalent rate or slightly higher rate than real estate is appropriate, thus he selected 10% as the applicable rate as return on FF&E. The total of the return of and return on FF&E was \$633,200 which the appraiser deducted from the stabilized operating income. This calculation resulted in a net operating income (NOI) of \$2,775,000 rounded.

To develop a capitalization rate of 10% the appraiser used several sources including the *Valuation Insights - First Quarter 2001*; bond yields; various surveys from the Appraisal Institute; and a *Korpacz Real Estate Investor Survey*. The direct overall rates ranged from 7.0% to 11.0%. Due to the somewhat higher risk of this type of investment Hamilton selected an overall rate of 10.0%. An effective tax rate of 3.14% was calculated and added, resulting in total capitalization rate of 13.14%. Applying the

total capitalization rate to the NOI resulted in the appraiser's estimate of value for the subject via the income capitalization approach of \$21,100,000, rounded.

In his reconciliation of the two methods of estimating value, Hamilton placed the primary weight on the income approach. The appraiser indicated that the cost approach was given only limited consideration in his final conclusion of value. His final opinion to value for the subject was \$21,100,000, rounded, as of the January 1, 2001. He further testified his conclusion of value as of January 1, 2003 would not be significantly different than his conclusion of value as of January 1, 2001.

During cross-examination, the witness was thoroughly questioned regarding information sources and methodologies used when preparing the appraisal. Additionally, the appraiser corrected several typographical errors under questioning. He was questioned in detail with regard to his selection of a capitalization rate; and the application of an effective tax rate and their applicability to a not-for-profit operation such as the subject.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's 2001 and 2003 final assessments of \$4,113,734 were disclosed. The subject's final assessment reflects a fair market value of \$40,409,961, when 2001 the Illinois Department of Revenue's (IDOR) three-year median level of assessments of 10.18% for residential property; and \$40,609,418 when the 2003 IDOR three-year median level of assessments of 10.13% for residential property. In support of its assessment, the board of review offered a memorandum indicating the sales of three properties in the subject's general area suggest an unadjusted market value range of from \$38.64 to \$84.71 per square foot of building area.

*CoStar Comps* sale summary sheets for the three multi-story multi-family apartment buildings ranging from nine to twenty-seven years old were submitted. The buildings ranged size from 152,280 to 349,356 square feet and in land size from 59,226 to 995,781 square feet. These properties sold from February 1999 to September 2001 for prices ranging from \$10,600,000 to \$13,500,000. Two of the sales were of senior type apartments while the third was a multi-family dwelling. The board did not call any witnesses to provide testimony to explain the significance of the sale summary sheets. In addition, the board offered no analysis of the comparables similarities to the subject or lack thereof. Based on the foregoing, counsel for the

board of review requested confirmation of the subject's assessment.

The intervenors, in support of their claim the subject is under-assessed, presented a complete summary appraisal report and the testimony of its author Susan Enright, co-owner of Appraisal Associates, Inc. The witness testified that she is a State of Illinois licensed general appraiser with a MAI designation and has been in practice for over 20 years. Enright testified she inspected the property in June 2003 and again recently. She indicated that the subject was appraised as fee simple and in her opinion the subject's highest and best use as vacant would be a multi-family residential development and its current use as improved. She testified that she relied on some of the information contained in James O. Hamilton's appraisal report and is not responsible for the accuracy of such information. She further testified the purpose of the valuation was to arrive at a fair market value for the subject as of January 1, 2001, which she concluded was \$26,500,000.

The witness testified the three approaches to value were examined for their appropriateness which resulted in presentation of the cost approach and the income approach. A modified sales comparison approach was also included but was not relied on due to a lack of sales in the subject's genre.

In the cost approach to value, the witness utilized the sales of five vacant properties. Ranging in size from 3.5 to 19.20 acres, the properties sold from June 1999 to August 2000 with prices ranging from \$3.59 to \$12.48 per square foot of land area. One of the properties was also utilized by the appellant's appraiser in his analysis. Enright testified that four of the five sites were purchased for senior related living facilities. The remaining sale was purchased for development of an apartment complex. She testified these comparables have relatively high density per acre limits. She stated the higher the density per acre the more a developer will pay for the land. When making adjustments, the witness testified, she did not make huge downward adjustments to the comparables for size. She indicated she believes that certain developers would pay a premium to acquire a site as large as the subject in Schaumburg. After making adjustments for location, zoning density and other characteristics, the appraiser estimated \$7.00 per square foot of land area as a unit value for the subject. This equates to a total estimated land value of \$12,400,000, rounded.

To estimate a replacement cost new, Enright used the *Marshall & Swift Cost Manual's* classification *Average Class C Multiple*

*Residence - Senior Citizen* (August 2002) of \$47.04 per square foot for the majority of the property and *Convalescent Hospital* (November 2001) of \$67.24 for the health care portion of the subject. Refinements were made to the base replacement costs such as additions for sprinklers, elevators, story height and cost multipliers resulting in costs of \$49.93 per square foot for the multiple residence area and \$69.43 per square foot for the convalescent care area. Testifying that while the *Marshall & Swift Cost Manual* does include indirect costs within its estimated costs, a 5% upward adjustment was made to account for the difficulty to construct a facility like the subject. In addition, the appraiser testified she made an additional upward adjustment of 10% for entrepreneurial profit. She stated that the estimated total cost new, including profit and indirect costs, was approximately \$32,700,000. The witness testified she estimated the subject had an effective age of 20 years and typically a facility like the subject has an economic life to 45 years. As a result, she estimated 44% (20/45) physical depreciation. She testified 15% depreciation was allocated due to external obsolescence and as the age/life method was used for physical depreciation no further adjustment was made for functional obsolescence. The land value and a depreciated value for site improvements were then added resulting in a market value for the subject of \$26,500,000, rounded, through the cost approach. When asked if her cost approach value conclusion would remain the same for the 2003 tax assessment year, she replied it would be higher as costs were trending upward but did not opine as to a cost approach value as to an estimate of value under the cost approach as of January 1, 2003.

The witness testified when conducting an income review, she observed the subject's revenue increased at a rate of approximately 6.0% per year for the prior three years. Given this increase, the appraiser opined a 3.0% increase over the March 2001 income report was appropriate for the 2001 calendar year. Reasoning a 3.0% instead of a 6% increase recognized the possibility of more competition. The witness indicated she also reviewed the fees of six comparables. These comparables are included and described in the appellant's evidence. She too concluded from an analysis of the comparables the subject's fees are competitive in the market and the vacancy rate is reflective of the market. During the appraiser's testimony regarding expenses for the subject, she indicated expenses were stabilized at approximately \$21,815,000, or 85.4% of the total revenue. When considering the FF&E, the appraiser assumed a ten-year useful life or a return of FF&E of 10.0% per annum. The assumed lessor of the FF&E would expect an 8.0% return on the investment, or 8.0% per annum as a return on FF&E. Using her cost approach



value for FF&E, the estimated annual deduction for return of and return on FF&E was estimated at \$547,967. Taking the estimated income, deducting the estimated expenses and estimate of FF&E deductions, the appraiser's estimated NOI was \$3,193,449.

Enright testified both the direct market extraction method and the band of investment yielded a rate of 9.25%. The witness based her conclusion on the *Korpacz*' report for the national apartment market, first quarter of 2001, which reported 8.2% as the overall rate. She then took into consideration the higher risk and more management involved with a senior facility to select the 9.25% capitalization rate. To the capitalization rate an effective tax rate factor of 2.91% was added, resulting in a total overall capitalization rate of 12.15%. Applying the overall capitalization rate to the NOI resulted in an estimated market value of \$26,500,000, rounded, as of January 1, 2001.

A modified sales comparison approach was also included in the appraisal and discussed by the witness. Enright testified the four sales were of two apartment complexes and two senior facilities. She explained senior facilities, when sold, are not necessarily real estate but entire businesses with real estate only an allocated portion of the package. Despite that fact the appraiser pointed out the two senior facilities sold for approximately \$85.00 per square foot of building area. The other two buildings sold for \$67.13 and \$97.25 per square foot of building area. No market value was established through the sales approach to value.

Reconciliation of the two approaches value was the final step taken by Enright. She testified she placed primary emphasis on the income approach. The cost approach was utilized as secondary indicator of value. She testified her final opinion of value was \$26,500,000 as of January 1, 2001. Moreover, she testified her opinion of value as of January 1, 2003 would be similar.

During cross-examination, the witness testified the subject is the only congregate care facility that she has ever appraised. She was questioned in detail regarding the land comparables selected; their locations; adjustments made; and the unit density allowed by zoning. Under questioning, Enright indicated the rental comparables used in the report were gleaned from Hamilton's report. She also agreed the subject's rates were in line with the competitive properties. In particular, the appraiser was asked why if the effective date of the report in question was January 1, 2001, it was necessary to trend up the March 2001 income. She replied that a prospective buyer would be looking at anticipated income in the upcoming year. She was also

questioned methodically regarding the remaining aspects of her income approach.

In rebuttal, Eric Dost was called as the intervenors' expert witness. Dost testified that he is a Member of the Appraisal Institute (MAI) and a certified general appraiser in Illinois. The witness testified he was employed by the intervening school districts to complete a review of the appraisal submitted by the appellant. After a brief description of the subject property, he rendered an opinion as to various omissions from the appellant's appraisal. He discussed the lack of a sales comparison approach in the appellant's appraisal. He further disagreed with type and size of the appellant's land comparables and with the some of the methodologies used in both approaches to value. It was also his opinion the appellant's capitalization rate was not properly supported and the effective tax load factor was too high.

During the witness' cross-examination, the witness opined the appellant's operating statement should have been reflective of an entire year beginning on January 1, 2001. In addition, it was his opinion the calculation of effective tax factor should take into account the exemptions granted by the State of Illinois. He testified on cross-examination he knows of no appraisal treatises supporting his opinion. Appellant's counsel inquired of the witness; when comparing two properties with the same physical attributes, the only difference being the occupants, would the one with the exemptions have a higher value. Dost's reply was affirmative.

In closing, appellant's counsel argued the testimony of both appraisers agreed on a number of points such as; the sales comparison approach was not applicable due to lack of sales as well as the complexity of the financial arrangements; the income approach is the most applicable method for the subject; and the subject's income and expenses are reflective of the market. Counsel for the appellant argued Enright's inexperience appraising facilities such as the subject resulted in a higher value for the subject. He asserted the 2001 effective tax load factor utilized was not available until 2002 well after the effective date of the appraisal. Regarding the intervenors' capitalization rate, appellant's counsel argued Hamilton's use of 10.0% was not only conservative but better supported by accepted surveys and Klockenga's testimony which demonstrated the higher risk in the subject's business.

Addressing the issue of the appropriate level of assessment, appellant's counsel argued the subject is a Class 2 residential property so designated by all the Cook County taxing officials.

As such, counsel contends, the subject should enjoy the benefits of the 2001 and 2003 IDOR's three-year median level of assessment as provided for in the Illinois Property Tax Appeal Board rules. The appellant's counsel requested that the Board determine \$21,100,000 as fair market value for the subject.

Counsel for the board of review argued the subject is a revenue generating entity and both appraisers agree the income approach was the suitable approach to rely on in this matter. It was counsel's opinion that the intervenors' appraiser projected the subject's income through 2001 correctly whereas the appellant's appraiser was incorrect in his analysis.

Counsel for the intervenors argued that with some noted corrections to the cost approach in the intervenors' appraisal would coincide with the market value indicated by the current assessment. He further suggested the correct level of assessment for the subject is the Cook County Real Property Ordinance level of assessments of 16% for Class 2 properties.

In response, the appellant's counsel asserted the state legislature has determined that life care facilities may claim senior homestead exemptions for its residents. He argued changing the level of assessments to the ordinance level on one residential property would be a direct violation of uniformity in taxation. Further, it would be tantamount to removing the senior homestead exemption from one group of senior residents.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the determination of the subject's market value for ad valorem tax purposes. When market value is the basis of the appeal, the value of the subject property must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2<sup>nd</sup> Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. (86 Ill.Adm.Code §1910.65(c)). Having considered the evidence and heard the testimony, the Property Tax Appeal Board finds a reduction is warranted for 2001 and 2003.

When analyzing the two appraisals and the testimony from the witnesses the Property Tax Appeal Board first addressed the cost approach to value. The Board finds that there is approximately 8.4% difference between the two conclusions of value. The Board

finds that Enright's upward adjustments for additional indirect costs and entrepreneurial profit speculative and not supported by any market data or documentation. The witness testified that the *Marshall & Swift Cost Manual* does include soft costs but does not include entrepreneurial profit. The Board finds that the inclusion of these additional items inflated the appraiser's cost approach. Next, the Board finds that the exclusion of the additional indirect costs and entrepreneurial profit would place Enright's estimate of the subject's improvements cost new less depreciation and land value at \$12,406,674 below Hamilton's estimate of the subject's improvements cost new less depreciation and land value of \$17,000,680. Hamilton testified that he relied upon the *Marshall Valuation Service Manual* (calculator method) for the cost approach but without any speculative add-ons. Therefore the Property Tax Appeal Board finds that appellant's cost approach to value the more reliable of the two presented.

The Property Tax Appeal Board finds that both appraisers relied upon the income approach to value to estimate a value for the subject, which the Board agrees is the most reliable approach to value in the instant cause. Again in the various steps there is remarkable similarity in technique; the reliance on the same comparables; the conclusion the subject's income and expenses are reflective of the market; and the methodology to determine a capitalization rate. First, not only is the effective date of Hamilton appraisal January 1, 2001, the income and expense information was as of a date very close to the effective date. The Board finds that the appellant's estimate of the net operating income is the best supported in the record and better reflects the market as of January 1, 2001. The testimony and evidence indicates the intervenors' appraiser also adjusted the expenses to comport with a lower expense ratio. The income to expense ratio established by the intervenors' appraiser was lower the subject's historic performance, which the Board finds is without support in the record. While Hamilton relied upon actual FF&E to estimate a return of and return on FF&E, Enright utilized Hamilton's figure and reduced the value of the FF&E without any market support. Moreover, Enright testified her appraisal was basically based on data provided through the appellant's appraisal. Such testimony by the intervenor's witness detracts from the credibility and reliability of the appraiser's opinion of value. The Board finds Enright's report appears to be a messaging of the data researched by Hamilton resulting in the Board placing little reliance on the appraisal's contents. The Board also finds Hamilton's testimony also indicated that the subject's estimated value as of January 1, 2003 would little differ from his estimated value as of January 1, 2001.

Turning to Dost's testimony, the Property Tax Appeal Board finds little merit in his critique of the appellant's appraisal particularly in his hypothesis regarding the application of an effective tax rate. As pointed out by appellant's counsel, the methodology utilized by the two appraisers was appropriate and Dost's methodology would result in a skewed and elevated final conclusion of value.

The Property Tax Appeal Board accords the board of review's report diminished weight. The board failed to produce the author of the report for meaningful cross-examination either by the appellant's counsel or the Property Tax Appeal Board.

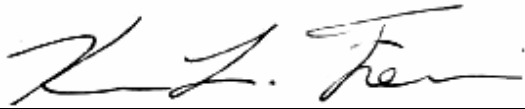
In conclusion, the Property Tax Appeal Board finds that the best evidence of the subject property's market value contained in the record is in testimony, data and analyses contained in the appraisal performed by the appellant's James O. Hamilton. After hearing the testimony considering the evidence, the Property Tax Appeal Board finds the subject property had a market value of \$21,100,000, as of January 1, 2001 and January 1, 2003.

As a final point the Property Tax Appeal Board finds that the IDOR's three-year median level of assessments for residential class 2 properties of 10.18% for 2001 and 10.13% for 2003 shall apply to the market value finding found herein.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member



Member



Member

DISSENTING: \_\_\_\_\_

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: June 27, 2008



Clerk of the Property Tax Appeal Board

**IMPORTANT NOTICE**

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.